

Affiliated Agencies

COMPREHENSIVE FINANCIAL MANAGEMENT POLICIES OVERVIEW

Binding City Policy

Policy

The City of Needles is accountable to the community for the use of public dollars. Municipal resources will be used wisely to ensure adequate funding for the services, public facilities and infrastructure necessary to meet the community's present and future needs. Financial management policies serve as the blueprint to achieve the fiscal stability required to meet the City's goals and objectives.

City Goals and Objectives

The City's goals and objectives provide the foundation for the City's financial management policies. The City Council periodically adopts strategic goals and priorities. One of its top priority goals is the City's fiscal stability. This policy implements that goal. These policies will be developed, implemented and maintained to ensure that the City is financially able to meet its immediate and long-term service objectives.

In addition, the City as an institution has multiple partners, including community members, taxpayers, businesses, employees, affiliated entities, and other government agencies. As a major institutional, economic and service force in the region, it is important that the City promotes strong relationships with its partners by adopting clear and comprehensive financial policies.

Financial Policy Objectives

The objectives for comprehensive financial management policies are to:

1. Advise the City Council and City Manager on policy decisions with significant fiscal impact.
2. Support planning for long-term needs.
3. Maintain and protect City assets and infrastructure.
4. Set forth operating principles that minimize the financial risk in providing City services.
5. Optimize the efficiency and effectiveness of services to reduce costs and improve service quality.
6. Employ balanced and fair revenue policies that provide adequate funding for desired programs.
7. Maintain financial stability and sufficient financial capacity for present and future needs by implementing operating capital and reserve policy goals.
8. Promote sound financial management by providing accurate and timely information on the City's financial condition.
9. Maintain and enhance the City's credit ratings and prevent default on any

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municipal financial obligations.

10. Ensure the legal use of financial resources through an effective system of internal controls.
11. Promote cooperation and coordination within the City, with other governments and with the private sector in the financing and delivery of services.

Affiliated Agencies

A number of agencies/entities have been created through voter approval, City Council action, intergovernmental agreements, and state laws. These entities are affiliated with the City and should be managed in accordance with the same financial standards as the City. To protect the City's and its entities' fiscal status and avoid adverse impacts on the City, affiliated agencies/entities will be accountable for financial compliance and reporting standards as described in the City's financial management policies. The City may audit financial records and performance data to ensure funds are spent in accordance with Mayor and City Council directions and policies. Affiliated agencies/entities include, but are not limited to, entities created by voter approval or City Council action, entities with leadership appointed by the Mayor and City Council and entities receiving funds from the City. Affiliated agencies/entities include, but are not limited to, the Housing Authority of the City of Needles, the Needles Public Financing Authority, and the Needles Public Utilities Authority, for which the City provides management services pursuant to a management agreement.

Responsibility

The City Manager will issue, oversee and administer the City's comprehensive financial management policies. The City Manager will engage competent financial personnel to assist in the planning, implementation, and monitoring of the City's finances. The City Manager will review, develop and implement these policies. The City Manager will develop and implement guidelines and procedures consistent with these policies. The City Manager shall periodically review these policies and recommend updates as necessary. City directors and managers will ensure that they comply with these policies and procedures, and will issue department specific procedures, as needed, that are consistent with these policies.

BUDGET

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The City will develop and implement a budget process that will:

- Make prudent use of public resources.
- Include financial forecast information to ensure that the City is planning adequately for current and future needs.
- Involve community members, elected officials, employees and other key stakeholders.
- Provide performance measurement data to assist in assessing program effectiveness.
- Comply with applicable federal, state and local law.

The City Manager will develop and present a proposed City budget to the City Council for consideration and adoption. The City Manager's proposed budget will identify major financial and service issues, identify funding requirements and sources of funds, provide supplemental information on programs and service areas, include budget and performance details for all City organizations and relate recommendations to the City's vision and goals.

The City Manager will issue guidelines and rules for the preparation and review of the department budget requests to the City Council, including a proposed annual budget process and calendar. The proposed process and calendar will support community participation and Council deliberations. These documents will be published in the finance section of the City website.

Budget Monitoring

The City Manager will maintain a system for financial monitoring and control of the City's budget during the fiscal year. This system will provide the Mayor and City Council with information on revenues, expenditures and performance at both the department and fund level. The system will include provisions for amending the budget during the year to comply with State of California budgetary statutes and to address unanticipated needs or emergencies. The City Manager will coordinate the process for budget adjustments requiring Council approval.

The City Manager will periodically publish General Fund financial status reports on the revenues and expenditures to date, and the estimated year-end balances. At least two times a year, the City Manager will review all City financial operations, report to the City Council on financial results and recommend financial management actions necessary to meet the adopted budget's financial planning goals.

For the mid-year budget monitoring process, General Fund discretionary revenue that exceeds budgeted beginning balance (adjusted) will be added to the General Fund contingency at the discretion of the City Manager, except for funds allocated to infrastructure maintenance or replacement.

Funds that had been reserved to pay for General Fund encumbrances but are not needed for this purpose may also be added to the General Fund contingency. These funds will be included as a resource in the annual budget process for the upcoming fiscal year.

Review of Council Actions

The City Manager will review ordinances and significant administrative decisions submitted for City Council action. The objective of these reviews will be to ensure compliance with the City's budget direction and to identify financial and service issues for the Council. The City Manager will establish and issue procedures and forms to submit fiscal impact statements for proposed City Council action.

Operating Policies

1. **Balanced Budget.** In each fund, resources shall be equal to or exceed requirements. Each City fund budget must identify ongoing resources that at least match expected ongoing requirements. One-time cash transfers and non-recurring ending balances may either be applied to reserves or used to fund one-time expenditures; they will not be used to fund ongoing programs, except as provided in section 2 below.

2. **One-time Funds.** One-time funds are General Fund resources designed to be used for projects and purchases that are usually non-recurring and can be accomplished within the fiscal year. One-time funds will not be planned for ongoing operations such as wage increases or permanent personnel positions. Examples of one-time revenues include, but are not limited to sales of municipal assets, legal settlements, sales of city-owned land/real estate, and auction revenues.

3. **General Discretionary Revenues.** Unless otherwise stated explicitly by the City Council, the City will not dedicate discretionary revenues for specific purposes in the General Fund. This will preserve the ability of the City Council to determine the best use of available revenues to meet changing service requirements.

4. **Surplus Revenue and Fund Balances.** From time to time additional revenue (grants or surplus beginning fund balances) will be available to departments or funds. The City will budget only the amount of revenue that is needed to fund projected expenditures within the fiscal year. Anticipated resources not needed to fund fiscal year spending or unforeseen contingencies shall be budgeted as an unappropriated balance or reserves. The City will not increase accruals and non-cash enhancements to revenues as a means to influence fund balances at year-end.

5. **Efficiency and Effectiveness.** The City will optimize the efficiency and effectiveness of its services to reduce costs and improve service quality. The City will coordinate its service delivery with other applicable public and private service providers.

6. **Self-supporting/Full Cost Recovery Basis.** City enterprise operations will be run on a self-supporting basis where doing so will increase efficiency in service delivery or recover the cost of providing the service by a user fee or charge.

7. **Contingencies.** The City, when possible, will budget a contingency account for each operating fund adequate to address reasonable but unforeseen requirements within the fiscal year.

Current Appropriation Level

The City Manager will calculate a Cost Allocation amount for each General Fund department each year. The calculation will be for the following fiscal year and will be completed and distributed to all General Fund departments in time for the departments to use their allocation to prepare their budget requests for the coming fiscal year.

The calculation will be based on the prior year's ongoing funding level from discretionary money in the General Fund and General Fund overhead, where applicable. Adjustments will be made to include any inflation factors, changes due to City Council-adopted policy, Mayor and City Council-approved contracts and City Council-adopted ordinances directing the City Manager to revise a department's Cost Allocation.

Fund Management

Creation of new funds or elimination of existing funds shall be done by the City Council. A review and report by the City Manager will be required prior to Council action. The City Manager will conduct an annual review to assess if each fund is needed.

Each fund in the City will have a statement of purpose, adopted by the City Council that contains several required elements; internal service funds have additional required elements.

Funds That Receive General Fund Support

For funds that receive General Fund support in addition to fees and charges or other dedicated revenues, a rationale for the General Fund support will be included, along with a means for determining the level of that support or conditions under which the support should be eliminated.

Enterprise Funds

For enterprise funds, the required level of debt service coverage for the fund and a description of the relationship between operating and construction funds will be included.

Responsibility

The City Manager will coordinate the overall preparation and administration of the City's budget. As an independent assessment of the quality of the City's budget presentation, the City will annually seek to prepare the Budget in compliance with the criteria included in distinguished budget presentation from the Government Finance Officers Association.

FINANCIAL PLANNING

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Policy

The City of Needles will prepare long-range financial plans to advise the City Council in adopting the City budget and to assist Council in ensuring the delivery of needed services through all types of economic cycles. The financial plans will help the City Council and community evaluate the impact of financial needs of all programs within the regional and local economic communities. The plans will assist in coordinating funding needs among enterprise, special revenue and General Fund functions and activities.

Financial planning and budgeting will be based on the following principles:

- Revenue estimates will be prepared on a conservative basis to minimize the possibility that economic fluctuations could jeopardize ongoing service delivery during the fiscal year.
- Expenditure estimates will anticipate needs that are reasonably predictable.
- Operating capital of 60 days based on annual revenue.
- Reserves, including contingency funds, equal to no less than 10% of General Fund operating expenses.
- Forecasts will rely on a City set of basic economic assumptions that will be established, updated and distributed by the City Manager. The forecasts will identify other assumptions used in their preparation and associated risks. Examples of risks can include rates, legislation and legal rulings that affect City liability, pension obligations, health benefit plans, as well as regional economic trends that affect City revenues. The City will constantly assess both its financial planning methodology and use of planning tools in order to provide timely and accurate information that is widely disseminated throughout the City.

Financial Plans and Forecasts

- The City Manager will prepare an annual City financial assessment report. This report will include a comprehensive overview of the City's financial condition.
- Five-year financial plans will be prepared annually for the General Fund, General Fund department, major enterprise funds, special revenue funds and internal service funds. Plans will be based on current service levels and funding sources, as well as anticipated changes to service levels and funding. If appropriate, the plans will identify additional resources needed to continue current service levels or identified service adjustments.
- General Fund departments will forecast and monitor their own revenues and expenditures. The City Manager will assist departments in developing appropriate systems, will retain fiscal oversight responsibility for the General Fund and will publish regular General Fund status reports on revenues and expenditures.
- Enterprise and special revenue fund forecasts will identify any impact on rates. The forecasts will discuss how standards for debt service coverage and operating reserves

are established and maintained. Departments that manage enterprise, special revenue and internal service funds will prepare and coordinate with the City Manager on the presentation of regular status reports on revenues and expenditures.

Capital Plans

- Each department that has major capital assets will develop and maintain five-year capital improvement plans.
- The City will annually prepare a Citywide five-year Capital Improvement Plan that includes prioritized department needs for capital replacement, additions and major maintenance. The plan will include estimated project costs and operating costs and will identify funding sources.
- The City will annually adopt a Capital Improvement List that will include estimated resources and capital expenditures based on the first year of the current Capital Improvement Plan.
- The City will adopt a Capital Financing Policy that will limit the amount of General Fund revenues to 5% of annual revenues to be allocated towards debt service.

Operation and Maintenance

- The City will preserve its current physical assets and plan in an orderly manner for future capital investments, including the operating and maintenance costs associated with new or additional capital improvements or major equipment.
- The City will identify and include full costs of future maintenance needs and operating costs of new capital improvements and equipment prior to funding as part of the Capital Budget.
- In general, all assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs. A high priority should be placed on maintenance where deferring maintenance will result in greater costs to restore or replace neglected facilities.
- Each department with major capital assets will maintain accurate information on the condition and lifespan of its major assets to assist in long-term planning. Each department with major capital assets will develop replacement cost data for major assets to assist in City asset management and investment decisions.
- Maintenance and operations of major capital assets should be given priority over acquisition of new assets, unless an analysis indicates a net benefit or the funding source to acquire or develop a new asset cannot be used for operations and maintenance.
- Factors that reduce operating and maintenance costs, such as upgrades, remodels and/or technological advances, will be considered when reviewing operation and maintenance requests. Priority may be given to projects that do not require operation and maintenance adjustments or that reduce those costs.
- The budget will provide sufficient funding for adequate operations, maintenance, scheduled replacement and enhancements of capital assets and equipment.

Whenever departments identify that there is a significant discrepancy between the need to maintain or modernize City infrastructure or facilities and the funds available for such improvements, the Department Director along with City Manager will present a strategy for meeting these needs to the Council.

- Departments will identify operating and maintenance costs at the time a capital project or asset is planned or requested.

Responsibility

The City Manager will coordinate the presentation of the City's financial plans; department directors will prepare department plans. The City Manager will develop and issue the list of departments and funds required to submit financial and capital improvement plans, define the required elements for the plans and determine the membership of the Asset Managers Group.

REVENUE

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Policy

The City will maximize and diversify its revenue base to raise sufficient revenue to support essential City services and to maintain services during periods of declining economic activity. City services providing private benefits should be paid for by fees and charges as much as possible to maximize flexibility in the use of City general revenue sources to meet the cost for services of broader public benefit. The City's overall revenue structure will be designed to recapture some of the financial benefits resulting from City economic and community development investments. Revenue collection efforts that produce positive net income for City service delivery will be the highest budget priority.

Departments that primarily or exclusively operate with non-General Fund revenue will minimize reliance on General Fund support for programs that are not supported with fees.

Cost Recovery

Charges for services that benefit specific users should recover full costs, including all direct costs, General Fund overhead, cost of interest and depreciation on capital plant and equipment. Department overhead rates and General Fund overhead allocations will be established annually by the City Manager.

The City may subsidize the services funded primarily by user fees based on other City objectives such as remaining competitive within the region. However, all such services will be presumed to be 100 percent cost reimbursable unless the City Manager makes a specific exception.

Additional Resources

The City will use and obtain resources according to the following principles:

1. The City will use and collect, as efficiently as possible, the resources that it already collects and is entitled.
2. The City will seek new resources, consistent with its financial policies and City goals.
3. The City will strive to keep a total revenue mix that encourages growth and keeps Needles competitive in the Tri-State Region.
4. The City will enforce its authority to collect revenue due to the City, including litigation if necessary.

Grants

The City will avoid using grants to meet ongoing service delivery needs. Prior to a grant application submittal, or acceptance if an application is not required, all grants will be reviewed by the City Manager to ensure compliance with state, federal and local regulations. The City will budget revenues and expenditures for grant funds only after

receipt of the grant award or letter of commitment and only for the amount of the grant.

Unfunded Mandates

The City will oppose state or federal actions that mandate expenditures that the City Council consider unnecessary and are unfunded. The City will pursue intergovernmental funding to support the incremental cost of such mandates.

Department-generated Revenues

City services that benefit a specific user and whose quantity, quality, and/or number of units may be specified should be paid for by fees and charges. All department charging fees are required to complete fee studies based upon cost-of-service principles. These studies are to be updated periodically and provided to the City Manager. Fees will be adjusted by the CPI for the previous 12 months or per a prescribed fee schedule. Departments that provide utility services will update their annual rates as approved.

The fee studies and structures will consider (City goals):

- The degree to which a service provides a general benefit in addition to the private benefit provided to a specific business, property or individual.
- The economic impact of new or expanded fees, especially in comparison with other governments within the region.
- The true or comprehensive cost of providing a service, including the cost of fee collection and administration.
- The impact of imposing or increasing fees on economically at-risk populations and on businesses.

Revenue Projections, Surpluses and Shortfalls

- Revenue Projections shall be conservatively estimated.
- Revenue Surpluses shall be retained by the generating department where applicable. Surpluses above the budgeted revenue estimate will be used to reduce any General Fund subsidy available to the department for appropriation through the budget process. Any additional appropriations will be used for activities that support the function or program generating the fees.
- Revenue Shortfalls requiring additional discretionary General Fund resources will result in a departments current appropriation level reduction. The reduction shall be equal to discretionary resources above budget amounts and will be made in the following fiscal year and only for that fiscal year. In the event of a current fiscal year projected total revenue shortfall, the department is required to document other offsetting revenues or reduce its budget within the regular budget monitoring process. Additional General Fund discretionary appropriation will not be transferred to cover revenue shortfalls without City Council authorization.

Responsibilities

The City Manager will oversee compliance of this policy with the participation of all departments and will issue roles and responsibilities for the departments.

CITY OF NEEDLES
Fiscal Stability Objectives

The budget document allocates City of Needles resources such as personnel, materials, and equipment in tangible ways to achieve the general goals of the City. It is prudent, therefore, for the City to have adopted fiscal policies to advise the City administration and City Council through the budget decision-making process. These policies are:

Operational Efficiencies

- To implement internal operating efficiencies wherever possible.
- To utilize private contractors when the same or higher level of service can be obtained at lower total cost.
- To staff each department according to adopted service levels, and to utilize consultants and temporary help instead of hiring staff for special projects or peak workload periods.
- To develop agreements with the other public agencies including the school district to combine certain operations and provide program assistance where appropriate.
- To enter into joint operating arrangements with other agencies so as to provide services more cost effectively.

Voter Approved Revenues

- To utilize revenues derived from the Utility Users Tax (UUT), Transient Occupancy Tax (TOT), and cannabis business tax to fund programs and services important to the community.
- To establish the appropriate rates and assessments to best manage and operate the City's enterprise operations and capital maintenance needs.

Reserves

- To maintain a minimum reserve equal to 10% of the General Fund operating expenses, be set aside in a reserve account by annually committing the funds necessary to achieve this objective.

Infrastructure

- To provide sufficient routine maintenance each year to avoid a deferred maintenance backlog.

Employee Development

- To attract and retain competent employees by providing a professional work environment, safe working conditions, adequate training opportunities, and competitive salaries as finances may allow.

Economic Development

- To aggressively pursue new developments and businesses that add to the City's economic base, particularly those that generate sales tax and property tax revenue.
- To promote a mix of businesses that contributes to a balanced community.
- To develop programs to enhance and retain existing business.

New Services

- To add new services only when a need has been identified and a sustainable funding source developed for at least 5 years.
- To allocate CDBG funds and other discretionary grants to programs with the greatest benefit to the community.
- To require agreements for specific services and monitor performance on an ongoing basis.

Construction of New Facilities

- To plan for new facilities only if construction and maintenance costs will not adversely impact the operating budget.

Fiscal Management

- To generate additional revenue by marketing City services to other entities on a contract basis and to charge the true cost to provide services.
- To maximize revenues by fully utilizing grants from other agencies for primarily capital projects.
- To charge fees for services that reflect the true cost of providing such services and to review fee schedules on a regular basis.
- To fully account for the cost of enterprise operations to avoid any subsidy and to charge Enterprise Funds their fair share of the cost of City support services.
- To maintain accurate accounting records to keep the City Manager and

City Council always informed of the financial condition of the City.

- To file a quarterly report of investments that adhere to both state law and City policy, and which follow reasonable and prudent guidelines for investment of the City's idle cash.
- To prepare and maintain a rolling 5-Year financial forecast for all major funds including: General Fund, Enterprise and Special Funds, and Recreation.

CITY OF NEEDLES

CASH MANAGEMENT POLICY AND PROCEDURES

SCOPE

This policy applies to all funds of the City of Needles.

OBJECTIVE

The purpose of cash management policy is to ensure adequate cash is available to pay the bills as they come due and invest the temporarily idle cash in accordance with the Investment Policy.

PROCEDURES

- Finance reviews the daily cash flow needs of the City.
- Finance will ensure that there are adequate funds in the checking account(s) to meet the daily needs.
- Cash inflows include, but are not limited to, funds from fees, taxes, grants, investment income, and investment maturities.
- Cash outflows include, but are not limited to, payment of accounts payable invoices, payroll, payment of other obligations of the City, and investments of idle funds.
- In anticipating and planning of cash flows special attention should be paid to non-recurring large payments for capital projects and debt obligations.
- All investments of funds are governed by the Investment Policy.

The improper handling of City funds is subject to disciplinary action at the discretion of the Department Head and City Manager, up to and including dismissal.

In addition to the policies above, a new policy for cash handling positions was adopted in FY 21 for a background check to be completed on any new hires that will have cash handling duties.

CITY OF NEEDLES

SUBJECT: PETTY CASH FUNDS

PURPOSE: To establish a policy for the request, approval, and use of petty cash funds.

General Policy: The City has established several petty cash funds and operating drawers to provide reimbursements to employees who incur expenses while on City business or when purchasing minor items for the City. Under no circumstances are these funds and drawers to be used for anything but City or Utility purposes. Expenses for overnight travel or conference registration fees shall not be reimbursed through petty cash. Petty cash funds have also been established at various City facilities and shall be utilized by the departments and divisions located at these facilities.

Provisions:

A. Petty Cash Funds

The following tables present the established funds (banks and drawers), the authorized amounts, and assigned custodians.

<u>Bank Location</u>	<u>Authorized Amount</u>	<u>Assigned Custodian</u>
City Hall	\$4,000	Finance Director
Rec. Center	\$ 500	Recreation Manager
Aquatics	\$ 100	Recreation Manager
Jack Smith Park	\$ 200	Recreation Manager
Golf Pro Shop	\$ 500	Golf Pro - Manager

Cash drawers are maintained where there is cash business being conducted.

Operating cash drawers are as follows: **Custodian**

Rec. Center	\$ 150	Recreation Manager
Jack Smith Park	\$ 200	Recreation Manager
Aquatics	\$ 50	Recreation Manager
Animal Shelter	\$ 30	Senior Animal Control Officer
Golf Course	\$ 200	Golf Pro - Manager

Utility Office (3 drawers):

Drawer #1	\$ 200	Business Office Manager
Drawer #2	\$ 200	Business Office Manager
Drawer #3	\$ 200	Business Office Manager

B. Cash Limit

Employees may request reimbursement for expenses incurred or to purchase minor items

for the City up to an established reimbursement limit set by department directors. These petty cash reimbursement limits may be waived with City Manager approval due to time urgency where no other payment method is available.

Petty Cash Reimbursement:

1. Requests for reimbursement for petty cash expenditures shall be submitted to the custodian. An approved petty cash voucher will be completed by the designated custodian or designee when funds are disbursed.
2. The party receiving the funds shall sign the voucher in the space provided as evidence of the reimbursement. The custodian or designee shall date and initial the voucher as further evidence that the monies were properly dispersed.
3. Custodians are encouraged to accumulate their out-of-pocket expenditures and submit a request for reimbursement through normal processing procedures. When the exact amount of out-of-pocket expenditures is known or unknown in advance of the anticipated purchase, a request for an advance may be used.

D. Replenishment of Petty Cash Fund

When the petty cash fund is substantially depleted, a request is to be prepared and submitted to the City Finance Department for replenishment. All petty cash vouchers and receipts equaling the amount requested are to be attached to the request.

When necessary an accounts payable warrant shall be issued, which will then be cashed by the designated persons and the proceeds will be placed in the petty cash fund. At all times, the total petty cash on hand plus the amount of signed receipts or petty cash vouchers at any one time must equal the total amount of petty cash authorized.

E. Security

Petty cash funds represent City assets in the form of currency and coin. To guard against the misappropriation of such funds, strict security shall be enforced. All petty cash shall be maintained under lock with access limited to the fund custodian and/or a specified designee. It is the department manager's responsibility to ensure that appropriate security measures are enforced.

F. Audit of Petty Cash Funds

All petty cash funds will be audited at least once annually by a representative from the Finance Department, and on an unannounced date at the location of the fund or drawer. The money will be counted and reconciled to the amount recorded on the General Ledger and any sales and/or remittance logs and be reported to City management and the external auditors annually.

CITY OF NEEDLES
FIXED ASSETS INVENTORY POLICY AND PROCEDURES

SCOPE

This policy applies to all funds of the City of Needles.

OBJECTIVE

The purpose of this policy is to establish a set of standard policies and procedures required to implement an effective fixed asset system. The fixed asset system shall be maintained in accordance with generally accepted accounting principles and in compliance with governmental auditing practices. The Finance Department is tasked with the responsibility and authority for developing, maintaining, and administering the City's fixed asset policies and procedures as stated herein.

DEFINITION

Fixed Assets are defined as tangible property having a value greater than or equal to five thousand dollars (\$5,000).

FIXED ASSET CLASSIFICATIONS

In addition to the consideration given up to acquire a fixed asset, ancillary costs associated with preparing the property for its intended use shall be capitalized.

Land: This account includes the cost of land itself and the cost of preparing land for its intended uses. Examples of ancillary costs include title search costs, attorneys' fees, liens assumed, taxes assumed, grading costs, and land improvements with an indefinite life.

Buildings: This account includes the cost of construction, purchase or improvement of buildings and attorneys' fees, architects' fees, and inspection and building permits. All costs incurred starting with excavation to completion of the building are considered part of the building costs.

Improvements (Other Than Buildings): This account is used for permanent (non-detachable) improvements that add value to land (i.e., fences, retaining walls, etc.).

Equipment: This account includes office equipment, machinery, furniture and fixtures, furnishings, and similar fixed assets. The cost of such assets includes the purchase price, freight charges, installation costs, and setup costs.

Construction in Progress: This account is used for capturing amounts expended on uncompleted buildings, pipelines, or other capital construction projects. When the project is complete, the cumulative costs are then transferred to the appropriate fixed asset accounts.

Infrastructure: Infrastructure is defined, for purposes of financial reporting, as any fixed asset that is immovable and of value only to the City. Examples include roads, sidewalks, bridges, and streetlights.

TAGGING

The supply of bar coded asset tags shall be maintained by the Finance Department. Items shipped directly to the departments shall be tagged with the cooperation of the departments.

The receiving departments shall have the responsibility of recording the asset tag number, location, person responsible, manufacturer, model and serial number and submitting this information to Finance.

PHYSICAL INVENTORY

The objectives of a physical inventory are to ensure that the fixed assets recorded in the system physically exist; to detect whether unrecorded or improperly recorded transactions have occurred, and to identify any excess, defective, or obsolete assets on hand.

A complete physical inventory of all the City's fixed assets shall be conducted at least once every 5 years. More frequent inventories may be performed of assets that are susceptible to errors or other irregularities, such as annual parts and materials inventories that are conducted by the utility departments.

TRANSFERS AND DISPOSITIONS

Transfers are defined as any movement of an asset (including vehicles) by virtue of change in location, either by department, building, floor, or room. All items sold, traded-in, scrapped, abandoned or in any way removed from service during the current fiscal year are classified as disposals.

Property shall not be transferred, turned-in or disposed of without prior approval of the proper Department Manager and the City Manager. The operating departments shall be responsible for initiating transfer/disposition processing.

RESPONSIBILITIES OF THE FINANCE DEPARTMENT

The Finance Department has the responsibility of ensuring that the fixed asset policies and procedures, as stated within these regulations, are following generally accepted accounting principles and audit guidelines. A member of the Finance Department will be tasked with maintaining the City's fixed asset records, tables, programs, and documentation. Finance will work in close cooperation with each of the departments in order to be informed of all additions, transfers, and disposals of any assets which are included in the fixed asset system.

RESPONSIBILITIES OF OPERATING DEPARTMENTS

The operating departments shall be held accountable for the property issued to or purchased by their respective departments. In addition, each of the operating departments shall be responsible for maintaining accurate information of their fixed assets in the fixed asset system.

Each of the departments must designate a department steward for the property in their department. This individual may or may not use the assets daily. This person will become the contact person for that department's fixed assets; for questions regarding availability, condition, and usage of the assets, as well as the contact during the physical inventory process. The steward must ensure that departmental fixed assets are kept up-to-date in the fixed asset system and notify Finance of any corrections that need to be made.

At the end of each fiscal year, Finance will provide the current listing of fixed assets to the department stewards. It is required that an inventory of the listed property be conducted by the department steward, and any discrepancies be resolved. The department steward will sign the listing verifying the property on hand in their department. This process should be completed, and the listing signed with noted changes and returned to Finance within 10 business days.

CITY OF NEEDLES

SUBJECT: MOTOR FLEET

PURPOSE: To establish guidelines for the acquisition and use of City vehicles

General Policy: The City of Needles and affiliated agencies/entities have an inventory of motor vehicles such as cars, vans, buses, heavy duty trucks, mini pick-ups, and specialized rolling stock such as a boom-truck and street sweepers. It is the City's policy to keep the vehicles clean and in good repair, not only for the upkeep and longevity of the fixed assets, but for the safety and comfort of the users and the general public. At all times, City owned vehicles should be operated in accordance with the vehicle code.

Fleet maintenance is the responsibility of the Fleet Department Manager under the general direction of the City Manager. The motor fleet operates as an internal service fund with the budget established by the City Manager and Fleet Department Manager. Beginning in FY 21, the City has entered into a master lease agreement with Enterprise for vehicle replacement for the Electric, Water, Wastewater, Utility Business Office, Code Enforcement and Public Works departments.

Provisions (these apply to all City vehicles):

A. Replacement Schedule

1. A replacement schedule will be developed and updated annually using the following guidelines.
 - a. City pool vehicles will be considered for replacement every six years or 70,000 miles, whichever comes first.
 - b. Mini trucks, motorcycles, heavy duty vehicles, such as water storage trucks and dump trucks, and specialized rolling stock will be considered for replacement every seven to ten years.
2. The mileage and repair experience for each vehicle is reviewed each year and considered when the replacement schedule is updated.

B. Purchasing

1. The City will purchase a common make of vehicle (i.e., General Motors Co., Ford Motor Co., etc.) whenever possible because of the greater variety in the companies' product lines and the large number of dealers for customer support. The availability of parts, and the standardized shop equipment and tools necessary for maintenance and repairs will increase efficiency and reduce vehicle downtime.
2. Needles vendors will be given the opportunity to submit bids for vehicle purchases. Staff will consider local vendor preference, account sales tax return, and maintenance support when analyzing the bids' purchasing value.

3. When appropriate, staff will include state and county cooperative purchasing programs in their analysis of best purchasing value.
 4. Priority will be given to vehicles with better fuel efficiency and low emissions in accordance with Air Quality Management District regulations.
- C. Vehicle Identification
1. City vehicles will be white in color and will have an approved City logo.
 2. Every City vehicle will be assigned an identification number.
- D. Funding
1. The City's policy is to acquire vehicles by outright purchase whenever possible. A lease purchase may be appropriate in some instances, especially for new vehicles or if there are insufficient funds for outright purchase.
 2. Certain departments have the use of specific vehicles. These departments will contribute to the Motor Fleet Fund an amount equal to the City's cost of maintaining and operating those vehicles. Funds collected for replacement versus those for operating and maintaining will be accounted for separately. Programs with special purpose vehicles which will not be replaced will not pay into the replacement fund.
- E. Assignment of Vehicles
1. The City Manager designates which pool cars are assigned, to the extent, vehicles shall be assigned to department pools rather than individuals through written authorization from the City Manager, which will include provisions and restrictions of use. Other vehicles, such as heavy duty pick-up trucks are assigned for use during the work shift by department managers.
 2. A department head may revoke the assignment of a vehicle at any time.
 3. City owned vehicles shall be parked at the City yard facility overnight and on weekends when not in use for conducting City Business.
 4. Individual 24-hour assignments shall be made by the City Manager only when one or more of the following conditions apply:
 - Assignee oversees operations on a 24-hour basis and/or multiple locations
 - Assignee is subject to frequent emergency call-outs
 - Assignee has contractual requirements for 24-hour use of City vehicles
 5. Under no circumstances are City owned vehicles to be used for personal business.

F. Maintenance

1. All City vehicles, except those assigned to a specific employee on a 24-hour basis and pool cars, i.e., those available for use by many employees during the workday, will be parked at the City Yard except when in use.
2. The employee using a City vehicle is responsible for putting fuel in it. Vehicles should not be returned with less than one-half tank of fuel.
3. All City owned vehicles are maintained by the Fleet Maintenance Department's Motor Fleet staff. Employees using City vehicles must arrange with Motor Fleet employees for maintenance and repair. They are encouraged to use the car wash, frequently enough to keep the vehicles looking neat and clean.
4. Preventative maintenance will be performed according to the manufacturer's maintenance schedule. The maintenance is correlated with mileage and shall be programmed into the City's fleet maintenance system. The vehicle user and garage mechanics will be alerted when it is time for maintenance service.
5. City mechanics will perform repairs and maintenance on City vehicles except:
 - a. When the job cannot be done in a timely manner or requires specialized or extensive (expensive) equipment.
 - b. When City staff does not have the necessary skills or certifications; such as the repair involves a hazardous substance (e.g., freon).

G. Tax Impacts/Reporting

1. Some employees are assigned to City vehicles on a 24-hour basis for work purposes. Any authorized use of vehicle for purposes, including commuting between an employee's residence and work location, may constitute a taxable benefit in accordance with applicable Internal Revenue Service (IRS) regulations. The Finance Department shall provide guidance regarding the calculation, reporting, and documentation requirements associated with such use. Employees authorized to commute in a City vehicle may be required to reimburse the City for excess mileage or personal use in accordance with applicable IRS regulations, City policy, and approved administrative procedures.

H. Disposing of Vehicles

1. When a vehicle is removed from the City's inventory, the Fleet Maintenance Manager will consult with the department director to which it is assigned.
2. Disposal of vehicles shall be the responsibility of the Fleet Maintenance Manager who will coordinate the bidding, auction, private sale, or trade-in in accordance with the City's Purchasing Rules and Regulations.

I. Reporting of Accidents and Damage

1. Any accident or damage to a City vehicle shall be reported immediately to the assigned department director. A report shall be filed on City prescribed forms.